

Reden & Anders, Ltd.

An **ingenix** Company

March 25, 2003

Consultants & Actuaries

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Ms. Gloria Glover
Chief Financial Examiner
Department of Community and Economic Development
Division of Insurance
550 W. 7th Avenue, Suite 1560
Anchorage, AK 99501-3567

RE: PREMIERA REVIEW

Dear Ms. Glover:

This letter is in response to your request for an update from Reden & Anders, Ltd. (R&A) related to our review of Premiera. This update will identify the data we have not received and the effect it will have on our work.

DATA

Although we have projections from Premiera, they are sending revisions in the next day or two. We are also waiting for supporting documents for certain items, such as other income and other expenses. Numerous other items have been identified by other consultants in the data log, and many of them are important to our review.

WORK PRODUCT

Without receiving the requested data as summarized above, we will have to utilize numerous assumptions to develop an allocation of funds between states and to determine the fairness to policyholders of the allocations. These assumptions will be based on our review of the data received and our industry knowledge.

We will continue to analyze the data and work with Premiera to fill in the missing pieces. Please let me know if you have additional questions.

Sincerely,

James E. Drennan, F.S.A.
Principal